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Committee on Subsidies and Countervailing Measures

Original: English

SUBSIDIES

QUESTIONS POSED BY AUSTRALIA REGARDING THE NEW AND FULL NOTIFICATION OF CHINA¹

The following communication, dated and received on 22 March 2022, is being circulated at the request of the delegation of Australia.

Australia thanks China for its subsidy notification and welcomes its efforts on contributing to the transparency of subsidy programs. Australia poses the following questions regarding programs contained in its notification:

I. Subsidies at the Central Government Level

Question 1

There are several programs which provide preferential tax treatment, for example, Programs 2, 4, 5, 6, 8 and 35, and where government revenue is therefore foregone. Noting the difficulties China has flagged with providing the level of subsidies under these programs, could China clarify whether it is able to provide data on total amounts budgeted for these programs?

Program 15 Preferential tax treatment for energy-saving and new energy vehicles and vessels

Question 2

What types of "vessels" are eligible under this program?

Question 3

Is the fishing sector eligible?

Program 27 Preferential tax policies for farming, forest, animal husbandry and fishery product projects

Question 4

Could China please elaborate which type of fishery product projects are eligible for preferential tax treatment? is this for aquaculture and/or marine capture fishing?

Question 5

Are there performance requirements for preferential tax treatment?

¹ G/SCM/N/372/CHN.

Question 6

The notification notes that the enterprise's income tax may be exempted or reduced. How is it determined whether the income tax is exempted or reduced? Is the tax exempted or reduced for the fisheries sector?

Question 7

Noting that the legislation reference is identical, how does this program relate to Program 66 "Preferential tax policies for enterprises engaged in projects of agricultural, forestry, animal husbandry and fishery"?

Program 67 Fishery stocks enhancement and fish fries releasing**Question 8**

Could China please clarify whether this subsidy program is administered via local governments.

Question 9

Could China please clarify the form of subsidy provided to fishermen via local governments.

Question 10

Is this fund conditioned on fishing in certain areas or performance requirements?

Program 71 Subsidy for reform in tax and fee on refined oil (for fishery)**Question 11**

Could China clarify how the purpose of the subsidy, inter alia, "to reduce the fishing intensity" etc and that the fuel subsidy is provided to those fishers that no longer engage in fishing and whose vessels are scrapped.

Question 12

Could China please provide the total amount budgeted for this program.

Question 13

What is the rate (reduced tax level) of the fuel subsidy provided?

Question 14

Could China confirm whether this subsidy is ongoing.

II. Subsidies at the Sub-Central Government Level**1. Beijing Municipality:****Program 2 Fund for Resolving of Overcapacity in Coal Sector and Resettlement and Relocation of Employees****Question 15**

Could China please elaborate on what conditions are attached to the provision of grants under this program to eligible enterprises.

3. Hebei Province:

Program 2 Reward and Subsidy to Resolve Overcapacity in Coal Industry

Question 16

Could China please elaborate on what conditions are attached to the provision of grants under this program to eligible coal mines.

4. Shanxi Province

Program 1 Fund for Fishery Resources Conservation

Question 17

What conditionalities are attached to the receipt of grants under this program, in particular for fishers?

15. Shandong Province

Program 2 Special Fund to Support the Development of Distant Water Fishing

Question 18

What are the conditionalities for 'eligible enterprises' receiving grants? For example, does this program increase the construction or increased tonnage of distant-water fishing vessels?

35. Xiamen City of Fujian Province

Program 2 Special fund for Marine and Fishery Development

Question 19

Could China please elaborate on the conditionalities or performance requirements attached to the grants under this program, particularly as they relate to distant water fishing.
